

Business Rates and investment: Call for Evidence

Response by the Chartered Institute of Taxation

1. Executive Summary

- 1.1. We welcome the call for evidence to inform the reform of business rates. However, it remains unclear to us whether the government is still committed¹ to a new system of business property taxation or whether it is only the current business rates system that is under consideration. It would be helpful if the government could make a broad statement of the scope of the intended reform to provide the predictability needed for the business rates system to support investment.
- 1.2. The government's corporate tax roadmap has recognised the importance of a stable and predictable environment within which businesses – and those who invest in them – can make long-term investment decisions with confidence. The same is true for business rates. Certainty and predictability are important for assessing investment opportunities and negotiating contracts.
- 1.3. In general, we welcome the move away from temporary to permanent lower multipliers for retail, hospitality and leisure properties.
- 1.4. We support an earlier recommendation that the Ministry for Housing, Communities and Local Government should work with all billing authorities to create a single comprehensive guide on how business rate reliefs are operated by the individual billing authorities to provide (i) consistency in approach and (ii) clarity for business on what discretionary reliefs they may be eligible for, and what steps must be taken to claim them.
- 1.5. On the basis that there is an inverse relationship between rental and business rates (higher business rates will be to some degree reflected in lower rents and vice versa), it seems reasonable to conclude that some of the effective economic cost of business rates already falls on the owner. Therefore, transferring liability to the owner may not be as significant as it first appears in terms of incidence, at least in the longer term. Changing

¹ [Labour Manifesto 2024](https://labour.org.uk/wp-content/uploads/2024/06/Labour-Party-manifesto-2024.pdf?utm_source=substack&utm_medium=email): 'The current business rates system disincentivises investment, creates uncertainty and places an undue burden on our high streets. In England, Labour will replace the business rates system, so we can raise the same revenue but in a fairer way. This new system will level the playing field between the high street and online giants, better incentivise investment, tackle empty properties and support entrepreneurship.' https://labour.org.uk/wp-content/uploads/2024/06/Labour-Party-manifesto-2024.pdf?utm_source=substack&utm_medium=email

the incidence of charge to the owner could have wide-ranging effects in transition such as on lease structures, the rent rates equation within the rental market and property investment more widely. It would require a timescale for full and transparent consultation.

- 1.6. The government records its commitment to a progressive business rates system that it equates to businesses occupying higher value properties paying more. Progressive tax rates are usually concerned with the idea of redistribution of income and reducing the tax incidence on those with a lower ability to pay. In the case of business rates, the proxy for assessing that ability to pay is solely the rental value of the property – not, for example, taking into account other factors such as the profitability or the needs of certain businesses or sectors for certain sizes or types of space or locations. The link with progressivity is therefore not as clear to us; does the rationale hold up in applying it to a property tax based on rental value? The risk for potential unintended consequences, for example in distorting the investment choice between property types in the same sector or between large and smaller units, warrants further research and better understanding to see whether the impacts are consistent with the policy.
- 1.7. The cost and revenue effects of transition from a slab to slice-based system² would require evaluation in the context of the current requirement for revaluations to be fiscally neutral.
- 1.8. Where thresholds are not updated for inflation, fiscal drag is a feature of both the current slab system and a slice-based tax. A commitment to review the thresholds at the point of revaluation, particularly if under the current system the new multiplier for rateable value of £500,000 or above is recording a surplus, would seem consistent with encouraging investment.
- 1.9. Any change to the Valuation Office Agency's approach and guidance on valuation methodology for a particular sector has significant consequences particularly when the changes are unexpected. We suggest consideration is given to how proposed changes are managed by the Valuation Office including early consultation with the sector, assurances that changes will not be retrospective and ideally some reassurance that changes will only take effect from a future revaluation date.
- 1.10. In terms of better administration and communication to support investment, we suggest that all the data underpinning a valuation should be presented at one level, but with a help sheet one click away that explains how rents are analysed, adjusted to the Antecedent Valuation Date and rateable value determined.

2. About us

- 2.1. The CIOT is an educational charity, promoting education and study of the administration and practice of taxation. One of our key aims is to work for a better, more efficient, tax system for all affected by it – taxpayers, their advisers and the authorities. Our comments and recommendations on tax issues are made solely in order to achieve this aim; we are a non-party-political organisation.
- 2.2. The CIOT's work covers all aspects of taxation, including direct and indirect taxes and duties. Through our Low Incomes Tax Reform Group (LITRG), the CIOT has a particular focus on improving the tax system, including tax credits and benefits, for the unrepresented taxpayer.

² A 'slab' system is where a single tax rate or multiplier is paid on the entire rateable value above a threshold. A 'slice' system is where successive bands of rateable value are taxed at increasing rates/multipliers.

- 2.3. The CIOT draws on our members' experience in private practice, commerce and industry, government and academia to improve tax administration and propose and explain how tax policy objectives can most effectively be achieved. We also link to, and draw on, similar leading professional tax bodies in other countries.
- 2.4. Our members have the practising title of 'Chartered Tax Adviser' and the designatory letters 'CTA', to represent the leading tax qualification.
- 2.5. The CIOT's Business Rates Working Group consists of rating specialists and tax advisers including members in industry.

3. Introduction

- 3.1. The government's priority areas for potential reform of the current system of business rates are:
 - Evaluating a move from the current 'slab' structure to a 'slice' approach.
 - Improving the efficacy of Small Business Rates Relief, Improvement Relief and Empty Property Relief.
 - Exploring concerns over the receipts and expenditure valuation methodology.
 - Using the merger of the VOA with HMRC to pursue positive administrative changes.
- 3.2. As the call for evidence recognises, it is a structural feature of a property tax based on rental value that improvement to a property or expansion to additional properties may increase business rates liability, and therefore potentially disincentivise investment, subject to targeted reliefs or exemptions. We think it is important therefore to clarify whether the government is still committed to considering a new system of business property taxation or whether it is solely the current business rates system that is under consideration.
- 3.3. It would be helpful if the government would make a broad statement of the scope of the intended reform to provide the predictability needed for the business rates system to support investment. The timeline in the [Business rates: forward look](#), published in February 2025, runs to quarter 1 of 2026 but does not include, for example the administrative reforms such as the new information duty and proposed changes to the Check, Challenge and Appeal system.
- 3.4. The call for evidence makes reference in several places to the UK or the UK economy. Business rates are a devolved matter therefore we assume that the focus is on England. Question 3 supports that interpretation. We have responded on that basis.
- 3.5. Our stated objective for the tax systems include:
 - A legislative process that translates policy intentions into statute accurately and effectively, without unintended consequences.
 - Greater simplicity and clarity, so people can understand how much tax they should be paying and why.
 - Greater certainty, so businesses and individuals can plan ahead with confidence.
 - A fair balance between the powers of tax collectors and the rights of taxpayers (both represented and unrepresented).
 - Responsive and competent tax administration, with a minimum of bureaucracy.
- 3.6. We have not answered all the substantive questions in the consultation as some are outside our remit, expertise or request direct evidence from industry. Questions 12-18 ,24 ,26-27 ,29 ,35-41 and 42-45 are accordingly not specifically addressed.

4. Questions 1-11. About you**1. In what capacity are you responding?****• Other (please provide details)**

We respond as a professional body and educational charity (please see paragraph 2 above).

2. Please provide details of the business or body you represent.**3. Where in England are you based?****• Other (please provide details)**

30 Monck Street, London

4. What sector are you representing?

Professional body

5. How many properties do you occupy?

N/A

6. What is the approximate cumulative Rateable Value (RV) of your property portfolio?

N/A

7. Do you own some or all of the properties your business occupies?

N/A

8. If you are representing an individual business:**• What is the size of your business?**

N/A

9. If you are a Business Representative Organisation, what types of businesses do you represent?

N/A

10. If you are a landlord, how many properties do you own?

N/A

11. If you are a landlord, what types of businesses do you typically lease properties to?

N/A

5. Questions 12 – 18 The role of business rates in investment decisions

- 5.1. As questions 12-18 require direct evidence from businesses, we have not answered these questions specifically, but we comment below on wider principles and design.
- 5.2. In the context of corporation tax, the government's corporate tax roadmap has recognised the importance of a stable and predictable environment within which businesses – and those who invest in them – can make long-term investment decisions with confidence³. The same is true for business rates. Certainty is important for assessing investment opportunities and negotiating contracts. Constant tinkering with the business rates system does not support investment.
- 5.3. Business investments often take place over decades. Businesses therefore need consistent levels of business rates relief and multipliers to help them plan. Lack of certainty and predictability hampers investment whether by occupiers or by investors (landlords).
- 5.4. Large infrastructure projects need to forecast 20+ years ahead against a background of a 3-year shifting valuation base and multipliers changing by variable CPI each financial year. As we have suggested previously,

³ <https://www.gov.uk/government/publications/corporate-tax-roadmap-2024>

consideration might be given to an alternative mechanism to smooth out short term unpredictable volatility for CPI.

- 5.5. We welcome the move away from temporary to permanent lower multipliers for retail, hospitality and leisure properties because a stable permanent regime should be better than temporary measures. However, this was somewhat undermined by the announcement of the temporary support package for pubs and music venues of 15% business rates relief in 2026-27 to be delivered via discretionary relief under the Local Government Finance Act 1988 section 47. The use of discretionary relief allows for the support to be implemented relatively quickly without the need for primary or secondary legislation however it is uncertain as it depends on the exercise of discretion by each billing authority (see paragraph 7.2 below). In addition, a new temporary relief adds to the existing complexity of the business rates system. The use of section 47 can also conflict with the subsidy control regime, meaning that local authorities may be limited to the amount of financial assistance they can provide.

6. Question 19 What are the benefits and downsides of a system where the property occupier is liable for business rates, versus the owner?

- 6.1. Business rates are currently paid by the occupier unless the property is unoccupied.

Benefits of charging the occupier

- Business rates are in part a tax on occupation that is payable to local authorities to generate revenue to provide local facilities. Occupiers of business premises need local authorities to provide roads, street-lighting, street cleaning and other services to attract customers to their premises. Charging business occupiers rather than owners is consistent with a contribution to the cost of those local services.
- Practically and administratively, it is generally easier for billing authorities to identify an occupier than the owner who is not physically in occupation.

Charging the occupier is a longstanding familiar structural feature and commercially embedded in leases and property investment models.

- Charging the occupier allows for the tax base to be split amongst a number of occupiers in the same parcel of land (eg, multi occupied office buildings). If liability was switched to the owner of the same parcel of land, the individual tax paid by an owner would be potentially very large to recoup the same amount of local taxation revenue. This cost would be passed on to tenant in increased rental premiums.

Downsides of charging the occupier

- When considering international comparatives for property taxes, business rates are fairly unique in charging the occupier rather than the owner.

Benefits of charging the owner

- Economic theory indicates that over time business rates will mostly be reflected in rents, passing the incidence of the tax (that is, who ultimately bears the cost of the tax) from occupiers to owners. Given the economic link to rental levels, there is a case for taxing owners as it would make the economic incidence more transparent. Transparency strengthens legitimacy and trust in the system.

Downsides of charging the owner

- The 'owner' would need to be defined, for example is it the freeholder, who may have granted a 999-year lease 100 years ago (potentially not traceable), the head leaseholder who granted a 125-year lease 30 years ago, the sub-leaseholder, or tenant?
- While most land is now registered, it is not yet fully comprehensive with consequences for identification of ownership and compliance if the owner is to be charged. HM Land Register currently includes 'evidence of ownership for more than 90% of the land mass of England and Wales'⁴.
- More fundamentally HM Land Registry registers only legal estates and title information not the underlying ownership (the 'equitable' or 'beneficial' interests). There are requirements to register beneficial ownership of UK property in some circumstances, for example in the case of a UK company owning property, the beneficial owner of 25% or more should be recorded on the People with Significant Control (PSC) register, ownership by overseas entities under the Register of Overseas Entities (ROE) regime and for trusts under the Trust Registration Service. However, these are by no means comprehensive.
- Changing the incidence of charge to the owner could have wide-ranging effects in transition such as on lease structures, the rent rates equation within the rental market and property investment more widely. It would require a timescale for full and transparent consultation.

6.2. On the basis that there is an inverse relationship between rental and business rates (higher business rates will be to some degree reflected in lower rents and vice versa), it seems reasonable to conclude that some of the effective economic cost of business rates already falls on the owner. Therefore, transferring liability to the owner may not be as significant as it first appears in terms of incidence at least in the longer term.

7. Question 20 What changes could be made to the administration of the system to support business investment?

7.1. As we note above, lack of certainty and predictability hampers investment. Any change to the VOA's approach and guidance on valuation methodology for a particular sector has significant consequences particularly when the changes are unexpected. We suggest consideration is given to how proposed changes are managed by the Valuation Office including early consultation with the sector, assurances that changes will not be retrospective and ideally some reassurance that changes will only take effect from a future revaluation date.

7.2. In 2019, the Treasury Select Committee recommended⁵ that The Ministry for Housing, Communities and Local Government (MHCLG) should work with all billing authorities to create a single comprehensive guide on how

⁴ <https://www.gov.uk/government/organisations/land-registry/about#:~:text=The%20Land%20Register%20contains%20more,apply%20to%20us%20to%20register%3A>

⁵ <https://www.gov.uk/government/publications/government-response-to-treasury-committee-business-rates-inquiry>

business rate reliefs are operated by the individual billing authorities to provide (i) consistency in approach by all billing authorities and (ii) clarity for business on what discretionary reliefs they may be eligible for, and what steps must be taken to claim them. The government at the time accepted this recommendation saying:

*'Nevertheless, the Government recognises that businesses need certainty and clarity on the range of support available. MHCLG will work with local government to produce a guide to business rates reliefs in England, which will be published this year. This will aim to provide confidence to business by promoting a shared understanding of the reliefs available and eligibility criteria.'*⁶

There is a perception that business rates administration lacks professionalism such that businesses find it difficult to establish their entitlement to reliefs with consequences for investment decisions. We therefore continue to support the Treasury Select Committee's recommendation, particularly as the temporary support package for pubs and music venues of 15% business rates relief in 2026-27 is to be delivered via discretionary relief. In terms of the discretionary (rather than mandatory reliefs) we recognise that there is a balance between definitive guidance and fettering discretion, but broad principles could be helpfully established in publicly available guidance.

7.3. We suggest that all the data underpinning a valuation should be presented at one level, but with a help sheet one click away that explains how rents are analysed, adjusted to the Antecedent Valuation Date (AVD) and rateable value determined. It would be helpful if the help sheet addresses:

- common misunderstandings about how the AVD works and the fact that ratepayers have to wait for the next AVD for movements in the rental market to flow through to rateable values.
- information about how the VOA looks at weighting rental evidence and how a tone/averaging approach applies to a given locality. The key will be for ratepayers to understand that their rateable value will in most cases not equate to their rent due to the analysis and adjustment process across a whole basket of rents in the locality.
- provide information for ratepayers about the rules on Material Change of Circumstances appeals for changes in circumstances as a result of external factors (for example, roadworks outside the property) and internal factors (such as refurbishment/building works to the actual property).
- Indicate how to request maintenance of the list to reflect splits or mergers as a result of subletting or acquisition of adjacent property.

8. Questions 21- 23. What are the wider benefits or downsides of a slice-based tax?

8.1. We note that the 'government is committed to a progressive business rates system, where higher value properties pay more' (paragraph 4.4 of the call for evidence) and therefore sees merit in moving to a slice system for business rates. Progressive tax rates are usually concerned with the idea of redistribution of income and reducing the tax incidence on those with a lower ability to pay. It is not clear to us why that should necessarily apply to a property tax based on rental value noting also that this feature is not present in other parts of the tax system such as council tax. Our concern is for unintended consequences in terms of the potential to distort investment choice between property types in the same sector or between large and smaller units. Examples might include the decision to invest in a large supermarket (to which the high-value multiplier for properties with a rateable value of £500,000 or above applies) versus smaller budget retail units (within

⁶ <https://www.gov.uk/government/publications/government-response-to-treasury-committee-business-rates-inquiry> (para 311)

the standard RHL multiplier or small business RHL multiplier) or in a former large landmark department stores on the high street as opposed to smaller units or to consider a single large hotel compared to two small hotels. We suggest this warrants further research and better understanding to see whether the impacts are consistent with the policy.

8.2. *Benefits of a slice system*

- Compared to a slab basis, a slice-based tax is less distortive of economic and investment decisions. Under the slab system, a business may not choose to expand its premises⁷, upgrade to new buildings or invest in improvements because the whole of the increased rateable value will be subject to a higher multiplier instead of only the proportion of the increased value that exceeds the threshold in a slice-based system.
- A banded slice system should lead to less appeals against rateable values and therefore reduced administrative burdens for both local authorities and businesses compared to a slab basis. Under a slab system there is potential for very significant increases in liability when rateable value is assessed as slightly over a cliff edge leading to higher level of appeals. We would expect, for example, an increase in appeals for rateable values near to the £500,000 cliff edge.
- Taxing a proportion of rentable value at increasing rates in a slice system is less likely to incentivise the artificial suppression of rateable value to avoid the consequences of £1 of additional value leading to significant increase in liability.
- A slab system may be perceived as inequitable in terms of horizontal equity because the cliff edge effect potentially means that businesses in the same sector operating out of similar premises but with slightly different rateable values can see large differentials in liability, a position exacerbated by the new multipliers.
- Cliff edges (inherent in a slab rather than slice system) in other parts of the tax system can be a factor in disincentivising growth, for example some businesses manage their turnovers to remain under the VAT threshold (also recognising that many will be trading at this level for reasons other than VAT).

Downsides of a slice system

- If tax thresholds (the points where a new, higher rate begins) do not rise in line with inflation, more businesses are slowly dragged into higher tax brackets over time (fiscal drag). The same is true of thresholds in a slab system, unlike a flat rate basis.
- Potential for high effective marginal tax rates when a slice system is combined with the withdrawal of reliefs, for example small business rate relief is tapered off (at a rate of 1% per £30 of rateable value increase) between rateable values of £12,001 and £15,000 leading to a high marginal rate for rateable value added in this range, potentially disincentivising expansion.
- The slice system requires calculating different percentages on different parts of a rentable value, which is more complex for ratepayers to understand and calculate, and more complex for billing authorities to administer.

⁷ Business rates is mainly levied on a 'slab' basis currently. The exception is tapering of small business rate relief between rateable values of £12,001 and £15,000.

- 8.3. The cost and revenue effects of transition from slab to slice would require evaluation in the context of the current requirement for revaluations to be fiscally neutral. If fiscal neutrality is maintained, the relatively narrow base, a consequence of current exemptions and reliefs (notably for agricultural land, charities and small business), would mean higher multipliers and lower thresholds and therefore significant winners and losers.
- 8.4. Where thresholds are not updated for inflation, fiscal drag is a feature of both the current slab system and a slice-based tax. A commitment to review the thresholds at the point of revaluation, particularly if under the current system the new multiplier for rateable value of £500,000 or above is recording a surplus, would seem consistent with encouraging investment.

9. Improvement Relief (IR) and Empty Property Relief (EPR):

Question 25 Are there any other aspects of IR that you would like to make the Government aware of that would support investment?

Question 28 The government is committed to tackling avoidance, while also ensuring that EPR supports business investment. How can the government best meet those aims through reform?

- 9.1. The stated policy intention of Improvement Relief is to 'support ratepayers investing in their own active businesses and ensure we do not divert support to property developers, landlords improving their asset or businesses which have merely inherited improvements from previous occupiers'. Improvement Relief is tied to the occupier and therefore not available for unoccupied hereditaments. Empty Property Relief, on the other hand, provides relief for the landlord from business rates for the first 3/6months after a property becomes vacant. We have not been able to trace a current statement of policy intent for Empty Property Relief.
- 9.2. The consultation indicates the government intends to work with business to address concerns that improvements are often made by the landlord when the building is vacant once data is available on how the relief is used. It would be helpful for the government to confirm whether the stated policy intent for Improvement Relief is still supported by the government in terms of what the relief is intended to achieve and how it interacts with Empty Property Relief in policy terms. Clear and current statement of policy intent for reliefs supports evaluation and helps to tackle avoidance.
- 9.3. Consideration might be given to evaluating the benefits of aligning reliefs with the nature of the works instead of by reference to the person undertaking the works, perhaps linked to measurable wider policy initiatives such as future minimum energy efficiency standards.
- 9.4. The mechanism by which Improvement Relief is applied (demonstrating to the VOA that the qualifying works condition and the occupation condition are satisfied, followed by the issue of a certificate) appears out of step with the 'self-declaration' approach to the new information obligations and the policy aim to limit burdens on the ratepayer. The fact that improvements are being made will be made known to the VOA through the notification of any changes to the property so the VOA will have the information. An easier approach for the ratepayer, and one more consistent with the wider tax system, would allow the claiming of the relief at the same time as the information notification is made. In any case we suggest there should be a prescribed time by which the certificates will be issued by the VOA, a 4-week period seems reasonable.

9.5. The relatively short time for which the relief has been available also means any interim evaluation may be limited. A similar relief has operated in Scotland (Business Growth Accelerator Relief) for a longer period – from 1 April 2021. It may provide some indication of the efficacy of this type of relief albeit in a different geographical context.

10. Tax treatment of short-term lets

10.1. **Question 30 What is a typical number of days per year that short-term lets are (a) available to let and (b) actually let?**

10.2. Members report that this varies considerably in different parts of England. Peripheral parts tend to have shorter seasons due to travel constraints making it harder to let for part weeks. For instance, seasons are likely to be shorter in Isles of Scilly and the Isle of Wight but also to a slightly lesser extent Cornwall. Properties in the Cotswolds and the Lake District tend to have very high occupancy. High value but larger properties may be harder to let and many older properties are less attractive to let in colder months.

10.3. **Question 31 What evidence is there that SBRR is being used by second home owners whose main aim is not to operate a local business but to manage tax liabilities?**

10.4. From April 2023, non-domestic rates apply if the owner can provide evidence that the following conditions are met:

- It will be available for letting on a commercial basis, as self-catering accommodation, for short periods totalling at least 140 days in the year after the day in question.
- During the previous year, it was available for letting commercially, as self-catering accommodation, for short periods totalling at least 140 days.
- During the previous year, it was actually let commercially, as self-catering accommodation, for short periods totalling at least 70 days.

10.5. A property could be occupied therefore by an owner for up to 225 days (365 less 140 days) and satisfy the conditions for business rates and SBRR although the commercial letting requirement means that this occupation is likely to be largely out of season.

10.6. We note that the day count thresholds were not updated in accordance with the review of the furnished holiday lets regime for income tax in 2010⁸ and that in Wales, higher thresholds apply. In Wales, from 1 April 2023, the conditions are that a property:

- will be available for letting on a commercial basis, as self-catering accommodation, for short periods totalling at least 252 days in the year.

⁸ See the Furnished Holiday Lettings consultation issued in July 2010 by HM Treasury and HMRC at paragraph 3.9:

'3.9 The increase in the minimum periods over which the property is both available for letting and actually let to the public, from 140 days to 210 days and from 70 days to 105 days respectively, reflects the changes in the tourism industry since the furnished holiday lettings rules were introduced in 1984. The letting season has widened and allows for commercial letting throughout more of the year, with variation in school holiday periods, the peak summer season alone has expanded and more letting is seen over the Christmas and Easter periods. The existing 70 day limit is no longer in line with the modern tourist industry'.

https://assets.publishing.service.gov.uk/media/5a79994aed915d0422069a81/consult_furnished_holiday_lettings_condoc.pdf

- During the previous year, it was available for letting commercially, as self-catering accommodation, for short periods totalling at least 252 days.
- During the previous year, it was actually let commercially, as self-catering accommodation, for short periods totalling at least 182 days.

We suggest the current thresholds in England are evaluated to ensure they meet the policy intent.

10.7. Question 32 How could SBRR be reformed to limit its use for second homeowners who are not mainly operating a local business while maintaining support for those who are?

10.8. Please see the answer to Question 31. We do not think that the use of the term ‘second homeowners’ is necessarily appropriate but if the question is whether SBRR is more widely claimed than the government intends we suspect that it may be, in part, a function of the rateable valuation methodology used for holiday accommodation that could otherwise be occupied as homes. The use of the receipts and expenditure methodology when assessing holiday accommodation tends to produce a lower value than the property might command as a rent in the long-term letting market and does not reflect residential value.⁹

10.9. Question 33 Does the current system for monitoring and enforcing which short term lets qualify for business rates work effectively?

10.10. Valuation officers have to check that properties listed as self-catering properties in the rating list meet the eligibility rules. A valuation officer will ask for this information in the ‘request for information’ form for self-catering units and holiday cottages. The information provided on this form is used to check that the eligibility rules are met.

10.11. This process seems cumbersome and administratively burdensome. It is hoped that the new duties on ratepayers to provide information to the VOA will offer efficiencies for ratepayers and the VOA.

11. R&E valuations and impact on long-term, high-value investment decisions Questions 34-41

11.1. Please see our comments at 7.1 above in relation to how proposed changes in valuation methodology are managed by the Valuation Office.

12. Pre-list discussion process

Question 46. How can government and the VOA better communicate with ratepayers to build confidence and predictability into the system?

12.1. We refer to our comments at 7.3 above.

⁹ Our understanding is that the valuation is based on the property type, size, quality and location, and on how many people can sleep in it. The assessment is based on the number of single-bed spaces, and so is a profit and loss account approach assuming a ‘fair’ level of trade.

13. Acknowledgement of submission

- 13.1. We would be grateful if you could acknowledge safe receipt of this submission and ensure that the Chartered Institute of Taxation is included in the List of Respondents when any outcome of the consultation is published.

The Chartered Institute of Taxation

18 February 2026